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THE RURAL ORGANIZATION SERVICE

By T. N. CARVER

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It has long been recognized that the peculiar weakness of agriculture lies in its lack of organization. This lack of organization is due, first, to the large number of persons engaged in farming; second, to the fact that they live so far apart; third, to the fact that our system of settling the public lands was an extremely individualistic one; fourth, to the heterogeneous character of our rural population in most of the states.

Hitherto, most of the work of the federal and state governments for the promotion of agriculture has related to the technical side of agricultural production. It is the theory of the present Secretary of Agriculture that it is quite as important that the work of buying supplies, of marketing products, and of rural finance should be promoted by government agencies as that the technical work of production should be so promoted. Congress had already appropriated \$50,000 for the study of the problem of marketing and the diffusion of information on this subject among our agricultural population. The Secretary saw, however, that the problem of marketing was largely a problem of organization and that organization includes a number of other things besides marketing. Accordingly, it was deemed desirable that a Rural Organization Service be established within the department to develop this new phase of agricultural promotion. The General Education Board, which had been lending its financial support to the farmers' co-operative demonstration work of the department, organized by the late Dr. Seaman A. Knapp, in the fifteen southern states, were also planning to extend their work to other states, and to other kinds of agricultural education. An agreement was arranged whereby the Rural Organization Service should be supported by the General Education Board in order that the work might be begun in the field of rural organization.

Outside the office of markets two main lines of work are contemplated,—one in the field of rural finance, including both long and short time credit and insurance, and the other in the promotion of

producers' and purchasers' associations. In both these lines of work, however, it has been necessary to spend a good deal of time in making a preliminary survey of the field in order to find out what the situation actually is, what the needs actually are, and what agencies already exist for meeting these needs in whole or in part. In the field of rural credit, some excellent organizations are found already at work, helping to solve this problem, locally at any rate. The building and loan associations, for example, or as they are sometimes called, savings and loan associations, have, in one or two states, entered the field of farm credits and are lending on farm mortgages on the amortization principle. At least one private agency has been lending on farm mortgages on practically the same basis as the *Credit Foncier* of France. Some of the middle western states, also, are literally honeycombed with farmers' mutual insurance companies, which are really coöperative societies for the supplying of this large need. Coöperative creameries in Minnesota and Wisconsin, coöperative elevators in Iowa, coöperative warehouses in North Carolina, and coöperative purchasing associations in about half the states, have been doing some excellent work, though of very uneven quality.

It appears at the present time as though, aside from the work of actually promoting coöperative organizations, the time and energy of the Rural Organization Service would be largely taken up, first, in convincing people that there is no magic about coöperation; second, in making clear to would-be organizers the distinction between the joint stock principal and the coöperative principal; third, in making it clear, in some of the western states, at least, that better credit facilities are quite as likely to do harm as good, except where they are safeguarded and permitted only to those farmers who have prepared to use the capital advanced to them for distinctively productive purposes.

Under the first head, for example, there are a great many very intelligent people who seem to think that the elimination of profit insures a saving to somebody. It seems to take a surgical operation to get it through their heads that the private middleman who gets his salary in the form of profit, may, by eliminating what would otherwise be called a salary, effect as great a saving as a coöperative society can by eliminating what are nominally called profits.

Under the second heading, there are a great many who do not see that a joint stock company organized among farmers is not a

coöperative society. They overlook the fact that it is likely to happen under this form of organization that some of the leading stockholders may be more interested in dividends than in increasing the profits of the ordinary business of the farmer. On the other hand, some of the extreme advocates of coöperation seem to think that there is some magic about the "one man, one vote" principle. They are unable to see that all that is necessary is that the management of the society shall always be controlled in the interests, not of the receiver of dividends, but of the receiver of the ordinary farmer's income. That is to say, the affairs of the association must always be managed so that the profit will come to the farmer in the form of better prices for his produce or lower prices on what he purchases, rather than in the form of higher dividends on his investments. From this point of view, the "one cow, one vote" principle is just as good as the "one man, one vote" principle in a coöperative creamery.

Under the third head, it is found that a great many farmers are borrowing money for non-productive purposes, or going in debt for things which do not add to their income, merely because their credit is good. It is probably safe to say that one half of the farmers who are now in debt would have been better off today if their credit had not been so good or if they had not been able to borrow on such favorable terms. Among all the studies that have been made of European agricultural credit systems, it has never yet been sufficiently emphasized that the function of a coöperative credit association is just as much to refuse credit as to give it. The farmer on a western claim who, as soon as he receives a title to his land, mortgages it in order that he may go back East to visit his wife's folks, would find himself unable to get anything on any terms from a wisely managed coöperative credit association. What these European credit associations are, really, are associations for the promotion of productive agricultural enterprises by advancing capital for these enterprises only, and refusing it for all other purposes whatsoever. Until a group of farmers have this idea thoroughly in mind, they are not in a position to be encouraged to start a coöperative credit association, either for long time or short time credit.